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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

OMB APPROVAL

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REPORT FOR THE PERIOD BEGINNING 01/01/11 AND ENDING 12/31/11
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Milkie Ferguson Investments, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

8750 N. Central Expressway, Suite 1700

(No. and Street)

Dallas

(City)

Texas

(State)

75231

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

CF & Co., L.L.P.

(Name - if individual, state last, first, middle name)

8750 N. Central Expressway, Suite 300

(Address)

Dallas

(City)

TX

(State)

75231

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



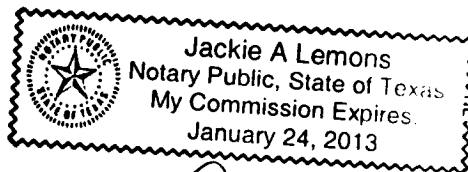
Accountant not resident in United States or any of its possessions.

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, Ed Milkie, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Milkie Ferguson Investments, Inc., as of December 31, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Edmund M. Milkie

Signature

President

Title

Jackie A Lemons
Notary Public

This report** contains (check all applicable boxes):

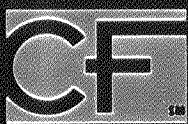
- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows
- ☒ (e) Statement of Changes in Stockholders' Equity or partners' or Sole Proprietor's Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent auditor's report on internal control

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

MILKIE FERGUSON INVESTMENTS, INC.

December 31, 2011

Report Pursuant to Rule 17a-5(d)



**ACCOUNTANTS
CONSULTANTS**

MILKIE FERGUSON INVESTMENTS, INC.

Report Pursuant to Rule 17a-5(d)

December 31, 2011

MILKIE FERGUSON INVESTMENTS, INC.

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Independent Auditor's Report

Board of Directors
Milkie Ferguson Investments, Inc.

We have audited the accompanying statement of financial condition of Milkie Ferguson Investments, Inc., as of December 31, 2011, and the related statements of income (loss), changes in stockholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Milkie Ferguson Investments, Inc., as of December 31, 2011 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 9 to the financial statements, the Company has suffered recurring losses from operations. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in Schedules I and II required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statements as a whole.

CF & Co., LLP
CF & Co., L.L.P.

Dallas, Texas
February 23, 2012

MILKIE FERGUSON INVESTMENTS, INC.

Statement of Financial Condition

December 31, 2011

ASSETS

Cash	\$ 537,291
Due from brokers and dealers, allowable	265,250
Due from brokers and dealers, non-allowable	25,495
Clearing deposit	50,000
Marketable securities	200
Advances/employees and associates	72,660
Other receivables	3,078
Deposits	24,726
Deferred income tax benefit	65,260
Furniture and equipment - less accumulated depreciation of \$425,407	<u>30,086</u>
Total Assets	<u><u>\$ 1,074,046</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities	
Accounts payable and accrued expenses	\$ 601,574
Deferred rent	165,110
Income taxes payable	<u>16,888</u>
Total liabilities	<u>783,572</u>
Stockholders' equity	
Non-convertible, non-cumulative, not entitled to a dividend, preferred stock, \$1,000 par value, 10,000 shares authorized; 330 shares issued and outstanding	330,000
Common stock, \$1 par value, 10,000 shares authorized; 2,260 shares issued and outstanding	2,260
Additional paid-in capital	317,044
Retained earnings (deficit)	<u>(358,830)</u>
Total stockholders' equity	<u>290,474</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 1,074,046</u></u>

The accompanying notes are an integral part of these financial statements.

MILKIE FERGUSON INVESTMENTS, INC.

Statement of Income (Loss)

For the Year Ended December 31, 2011

Revenues	
Commissions and fees	\$ 6,289,974
Interest income	12,642
Miscellaneous	<u>275,823</u>
	<u>6,578,439</u>
Expenses	
Interest	5,001
Clearance paid	348,160
Leased employees and commissions	4,687,726
Occupancy	291,880
Depreciation	27,535
Other operating expenses	<u>1,401,886</u>
	<u>6,762,188</u>
Income (loss) before taxes	(183,749)
Provision for income tax	<u>(34,000)</u>
Net Income (Loss)	<u><u>\$ (217,749)</u></u>

The accompanying notes are an integral part of these financial statements.

MILKIE FERGUSON INVESTMENTS, INC.
Statement of Changes in Stockholders' Equity
For the Year Ended December 31, 2011

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-in</u>	<u>Earnings</u>	<u>Total</u>
					<u>Capital</u>	<u>(Deficit)</u>	
Balance, December 31, 2010	250	\$ 250,000	2,260	\$ 2,260	\$ 317,044	\$ (141,081)	\$ 428,223
Issued preferred stock	80	80,000					80,000
Net income (loss)						(217,749)	(217,749)
Balance, December 31, 2011	<u>330</u>	<u>\$ 330,000</u>	<u>2,260</u>	<u>\$ 2,260</u>	<u>\$ 317,044</u>	<u>\$ (358,830)</u>	<u>\$ 290,474</u>

The accompanying notes are an integral part of these financial statements.

MILKIE FERGUSON INVESTMENTS, INC.
Statement of Changes in Liabilities Subordinated
to Claims of General Creditors
For the Year Ended December 31, 2011

Balance, December 31, 2010	\$	--
Increases		--
Decreases		<u>--</u>
Balance, December 31, 2011	\$	<u><u>--</u></u>

The accompanying notes are an integral part of these financial statements.

MILKIE FERGUSON INVESTMENTS, INC.

Statement of Cash Flows

For the Year Ended December 31, 2011

Cash flows from operating activities

Net income (loss)	\$ (217,749)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation	27,535
Deferred income taxes	17,112
Change in operating assets and liabilities:	
Increase in due from brokers and dealers	(105,808)
Decrease in other receivables	13,360
Decrease in advances/employees and associates	13,872
Increase in marketable securities	(46)
Decrease in accounts payable and accrued expenses	(142,937)
Decrease in income taxes payable	(9,244)
Decrease in deferred rent	(33,478)
Net cash provided (used) by operating activities	<u>(437,383)</u>

Cash flows from investing activities

Net cash provided (used) by investing activities	<u>--</u>
--	-----------

Cash flows from financing activities

Proceeds from the sale of preferred stock	<u>80,000</u>
Net cash provided (used) by financing activities	<u>80,000</u>

Net increase (decrease) in cash (357,383)

Cash at beginning of year 894,674

Cash at end of year \$ 537,291

Supplemental schedule of cash flow information:

Interest paid	<u><u>\$ 5,001</u></u>
Income taxes paid	<u><u>\$ 26,132</u></u>

The accompanying notes are an integral part of these financial statements.

MILKIE FERGUSON INVESTMENTS, INC.
Notes to Financial Statements
December 31, 2011

Note 1 - Organization and Significant Accounting Policies

Nature of Business

Milkie Ferguson Investments, Inc. (the "Company"), incorporated in the state of Texas in 1986, is a broker-dealer in securities registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company operates under (SEC) Rule 15c3-3(k)(2)(ii), which provides that all funds and securities belonging to the Company's customers would be handled by a clearing broker-dealer. The Company's office is located in Dallas, Texas. The Company's main source of revenue is providing brokerage services to small and middle-market businesses and middle-income individuals. Substantially all of the Company's business is conducted with customers located in the United States.

Proprietary securities transactions entered into for the account and risk of the Company are recorded on the trade date basis as adjusted through the clearing broker-dealer account.

Commission income and expenses are recorded on a trade date basis.

Investment Securities

The fair value of investment securities is the market value based on quoted prices in active markets, or market prices provided by recognized broker dealers. All investments of the Company are Level 1 investments in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements*.

Income Taxes

The Company accounts for income taxes in accordance with the Income Taxes Topic of the FASB ASC. Deferred tax assets and liabilities arising from temporary differences between book and tax basis are recognized using the enacted statutory tax rates and laws that will be in effect when such differences are expected to reverse. Deferred tax assets are recognized for temporary differences that will result in deductible amounts in future years. Deferred tax liabilities are recognized for temporary differences that will result in taxable income in future years. In the case of deferred tax assets, a reduction in deferred tax assets are recorded if it is more likely than not some portion or all of the deferred tax asset will not be realized.

MILKIE FERGUSON INVESTMENTS, INC.
Notes to Financial Statements
December 31, 2011

Note 1 - Organization and Significant Accounting Policies, continued

Income Taxes, continued

Management evaluates income tax positions based on a predetermined threshold of whether the positions taken will be sustained on examination. Uncertain tax positions are reduced by a liability for a contingent loss that is recorded either when the threshold is no longer met or when it becomes probable that a payment will be made to the taxing authority. Any interest or penalties associated with income taxes would be included as a component of income tax expense in the period in which the assessment arises.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Depreciation

Fixed assets are carried at cost and depreciated over 3-7 year lives on the straight-line method.

Rent Expense

The Company accounts for rent expense on a straight-line basis for financial reporting purposes. The difference between cash payments and rent expense is included in deferred rent on the balance sheet.

Advertising Expense

The Company expenses all advertising costs when incurred. Advertising expense was approximately \$655,000 during 2011.

MILKIE FERGUSON INVESTMENTS, INC.
Notes to Financial Statements
December 31, 2011

Note 2 - Net Capital Requirements

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2011, the Company had net capital of approximately \$66,746 and net capital requirements of \$52,238. The Company's ratio of aggregated indebtedness to net capital was 11.74 to 1. The Securities and Exchange Commission permits a ratio of no greater than 15 to 1.

Note 3 - Clearing Agreement

The Company has a \$50,000 clearing deposit with National Financial Services, LLC, under a "Fully Disclosed Correspondent Agreement" dated December 30, 2005. The Company does not carry customer accounts, clears all proprietary and customer's securities transactions on a fully disclosed basis through a clearing broker-dealer and is therefore, exempt under paragraph 15c3-3(k)(2)(ii) from the remaining provisions of SEC Rule 15c3-3. Any customer funds or securities received are promptly forwarded to the Company's clearing broker-dealer. There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of (SEC) Rule 15c3-3(k)(2)(ii).

The Company's clearing agreement with its clearing broker-dealer contains an indemnification clause. This clause relates to instances where the Company's customers fail to settle security transactions. In the event this situation might occur, the Company will indemnify the clearing broker-dealer to the extent of net loss on the unsettled trade. At February 23, 2012 management of the Company had not been notified by the clearing broker-dealer, nor were they aware, of any potential losses relating to this indemnification.

Note 4 - Income Taxes

The provision for income taxes for 2011 financial statements is as follows:

Federal	\$ 17,112
State	<u>16,888</u>
	<u>\$ 34,000</u>

The provision for federal income taxes differs from the expense that would result from applying federal income tax statutory rates because of lack of deductibility of certain expenses and lack of taxability of certain revenues.

MILKIE FERGUSON INVESTMENTS, INC.

Notes to Financial Statements

December 31, 2011

Note 4 - Income Taxes, continued

The deferred income tax expense of \$17,112 results from differences between income tax and financial reporting for rent expense, depreciation, and net operating loss carry forwards.

At December 31, 2011, the Company had a net operating loss carryforward of approximately \$296,000 which expires in 2029 and 2030.

Any potential interest and penalty associated with a tax contingency, should one arise, would be included as a component of income tax expense in the period in which the assessment arises.

The Company's federal and state income tax returns are subject to examination over various statutes of limitations generally ranging from three to five years.

Note 5 - Furniture and Equipment

Property and equipment at December 31, 2011 consisted of the following:

Furniture and fixtures	\$ 131,645
Office equipment	193,006
Computer equipment	<u>130,842</u>
	455,493
Less accumulated depreciation	<u>(425,407)</u>
	<u>\$ 30,086</u>

Note 6 - Commitments and Contingencies

The Company executed long term leases, for its present facilities, ending in 2015. The future minimum lease expenditures are as follows:

Year ending	
<u>December 31,</u>	
2012	\$ 266,940
2013	273,873
2014	277,340
2015	<u>280,807</u>
	<u>\$1,098,960</u>

Rental expense for the year ended December 31, 2011 was \$291,880 and is recorded in occupancy expenses.

MILKIE FERGUSON INVESTMENTS, INC.

Notes to Financial Statements

December 31, 2011

Note 7 - Unasserted Claims

The Company is involved in various unasserted claims and pending or threatened litigation and arbitration issues. Management believes that the resolution of these matters will not have a material effect on the Company's financial position or results of operations.

Note 8 - Concentration Risk

At December 31, 2011, and at various times throughout the year, the Company may have had cash balances in excess of federally insured limits.

Note 9 - Going Concern

During 2011 and 2010, the Company sustained operating losses of \$217,747 and \$17,222, respectively. During 2011, capital of \$80,000 was injected into the Company.

Management is actively reducing operating expenses in order to return to profitability. The time required to reach profitability is uncertain, and there can be no assurance that the Company will be able to return to profitability on a sustained basis.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Supplementary Information
Pursuant to Rule 17a-5 of the
Securities Exchange Act of 1934
as of
December 31, 2011

Schedule I

MILKIE FERGUSON INVESTMENTS, INC.
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
As of December 31, 2011

COMPUTATION OF NET CAPITAL

Total ownership equity qualified for net capital \$ 290,474

Add:

Other deductions or allowable credits -0-

Total capital and allowable subordinated liabilities 290,474

Deductions and/or charges:

Non-allowable assets:

Property and equipment, net	\$ 30,086	
Due from brokers and dealers	25,495	
Other receivables	3,078	
Deposits	24,726	
Advances	72,660	
Deferred income tax benefit	<u>65,260</u>	<u>(221,305)</u>

Net capital before haircuts on securities positions 69,169

Haircuts on securities (computed, where applicable,
pursuant to Rule 15c3-1(f)) (2,423)

Net capital \$ 66,746

AGGREGATE INDEBTEDNESS

Items included in statement of financial condition:

Accounts payable and accrued expenses	\$ 601,574	
Deferred rent	165,110	
Income taxes payable	<u>16,888</u>	<u>\$ 783,572</u>

Total aggregate indebtedness \$ 783,572

Schedule I (continued)

MILKIE FERGUSON INVESTMENTS, INC.
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
As of December 31, 2011

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required (6 2/3% of total aggregate indebtedness)	<u>\$ 52,238</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 50,000</u>
Net capital requirement (greater of above two minimum requirement amounts)	<u>\$ 52,238</u>
Net capital in excess of required minimum	<u>\$ 14,508</u>
Ratio: Aggregate indebtedness to net capital	<u>11.74 to 1</u>

RECONCILIATION WITH COMPANY'S COMPUTATION

The following serves to reconcile material differences in the computation of net capital under Rule 15c3-1 from the Company's computation:

Net capital per Company's (unaudited) FOCUS Part IIA	\$ 82,016
Adjustments:	
Over charges for excess bond	4,000
Under accrued expenses	<u>(19,270)</u>
Net capital per audited financial statements	<u>\$ 66,746</u>

Schedule II

MILKIE FERGUSON INVESTMENTS, INC.
Computation for Determination of Reserve Requirements Under
Rule 15c3-3 of the Securities and Exchange Commission
As of December 31, 2011

EXEMPTIVE PROVISIONS

The Company has claimed an exemption from Rule 15c3-3 under section (k)(2)(ii), in which all customer transactions are cleared through another broker-dealer on a fully disclosed basis.

Company's clearing firm: National Financial Services, LLC.

Independent Auditor's Report

On Internal Control

Required By SEC Rule 17a-5

For the Year Ended December 31, 2011

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL REQUIRED BY SEC RULE 17a-5

To the Board of Directors of
Milkie Ferguson Investments, Inc.

In planning and performing our audit of the financial statements and supplemental information of Milkie Ferguson Investments, Inc. (the "Company"), as of and for the year ended December 31, 2011 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with

management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.


A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses and therefore, there can be no assurance that all material weaknesses have been identified. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.


CF & Co., L.L.P.

Dallas, Texas
February 23, 2012

Report on
The SIPC Annual Assessment
Required By SEC Rule 17a-5
Year Ended December 31, 2011

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INDEPENDENT ACCOUNTANT'S REPORT ON THE SIPC ANNUAL
ASSESSMENT REQUIRED BY SEC RULE 17a-5

To the Board of Directors of
Milkie Ferguson Investments, Inc.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments ("Form SIPC-7") to the Securities Investor Protection Corporation ("SIPC") for the year ended December 31, 2011, which were agreed to by Milkie Ferguson Investments, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC, solely to assist you and the other specified parties in evaluating Milkie Ferguson Investments, Inc.'s compliance with the applicable instructions of the Form SIPC-7. Management is responsible for Milkie Ferguson Investments, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursements records entries (cash disbursements journal) noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2011 with the amounts reported in Form SIPC-7 for the year ended December 31, 2011 noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences; and
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

CF & Co., LLP
CF & Co., L.L.P.

Dallas, Texas
February 23, 2012

SIPC-7

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION

P.O. Box 92185 Washington, D.C. 20090-2185

202-371-8300

General Assessment ReconciliationFor the fiscal year ended December 31, 2011

(Read carefully the instructions in your Working Copy before completing this Form)

SIPC-7

(33-REV 7/10)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

036226 FINRA DEC
 MILKIE / FERGUSON INVESTMENTS INC 20*20
 8750 N CENTRAL EXPY STE 1700
 DALLAS TX 75231-6449

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

2. A. General Assessment (item 2e from page 2)

\$ 6⁵75.00

B. Less payment made with SIPC-6 filed (exclude interest)

(3335.00)

Date Paid

C. Less prior overpayment applied

(_____)

D. Assessment balance due or (overpayment)

E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum

F. Total assessment balance and interest due (or overpayment carried forward)

\$ 3240.00

G. PAID WITH THIS FORM:

Check enclosed, payable to SIPC

Total (must be same as F above)

\$ 3240.00

H. Overpayment carried forward

\$(_____)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Milkie Ferguson Investments Inc.
 (Name of Corporation, Partnership or other organization)

[Signature]
 (Authorized Signature)

Dated the 19 day of February, 20 12.

FINRA
 (Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates:

Postmarked

Received

Reviewed

Calculations _____

Documentation _____

Forward Copy _____

Exceptions:

Disposition of exceptions:

DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT

Amounts for the fiscal period
beginning _____, 20____
and ending _____, 20____

Eliminate cents

\$ 6,578,439

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.
(See Instruction C):

(Deductions in excess of \$100,000 require documentation)

- (9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ 5001

- (ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ 5034

Enter the greater of line (i) or (ii)

Total deductions

2d. SIPC Net Operating Revenues

2e. General Assessment @ .0025

\$ 2,629,977
\$ 6,575
(to page 1, line 2.A.15)